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RUEHRG/AMCONSUL RECIFE 4021  
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STATE PASS USTR FOR KATE DUCKWORTH  
NSC FOR TOMASULO  
TREASURY FOR JHOEK  
USDOC FOR 4332/ITA/MAC/WH/OLAC  
USDOC ALSO FOR 3134/USFCS/OIO  
DOL FOR ILAB  
SOUTHCOM ALSO FOR POLAD  
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TAGS: [PGOV](#) [PINR](#) [BR](#)  
SUBJECT: SAO PAULO'S MAYORAL ELECTION AND ITS IMPLICATIONS FOR 2010

REF: (A) 07 SAO PAULO 878; (B) 07 SAO PAULO 767;  
(C) 07 SAO PAULO 882

SENSITIVE BUT UNCLASSIFIED - PLEASE PROTECT ACCORDINGLY

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SUMMARY  
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11. (SBU) In October, Brazilians will go to the polls to elect the Mayors and City Council members ("Vereadores") of the country's 5,064 municipalities. Political analysts and consultants, as well as politicians from across the spectrum, agree on one thing: these elections will set the stage for the 2010 national and state elections. In Sao Paulo, incumbent Mayor Gilberto Kassab (Democratic Party - DEM) will likely face off against two national powerhouses - Minister of Tourism and former Mayor Marta Suplicy of President Lula's Workers' Party (PT), and former state Governor and 2006 presidential candidate Geraldo Alckmin of the Social Democracy Party of Brazil (PSDB). The conduct and results of this campaign will have major implications for three of Brazil's four major parties, for the political panorama in Brazil's largest state, and for the 2010 presidential contest. End Summary.

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THE MAYOR, THE MINISTER, AND THE EX-GOVERNOR  
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12. (U) Sao Paulo, with just over 11 million people, is South America's largest city and among the five largest in the world. Due to its size and prominence, the city offers unique opportunities and challenges to ambitious politicians. Gilberto Kassab (DEM - formerly Liberal Front Party or PFL) was elected Vice-Mayor of Sao Paulo in 2004, and became Mayor in April 2006 when Jose Serra (PSDB) resigned to run for Governor. The previously unknown Kassab has

surprised everyone with his performance in office. Hallmarks of his administration include the "Cidade Limpa" (Clean City) program, aimed at reducing visual pollution, and aggressive law enforcement actions against illegal gaming establishments and street vendors, as well as stores that sell contraband and pirated goods (ref A). Though many problems remain, even the Mayor's opponents acknowledge he has a good record on which to run. If he wins, the 47-year old Kassab could have a bright national future, running for Governor or Senator in 2010 or 2014. Prominent supporters of his re-election include Governor Serra - himself a likely 2010 Presidential candidate - and former President Fernando Henrique Cardoso (FHC).

13. (SBU) Marta Suplicy (Workers' Party - PT) served as Mayor of Sao Paulo from 2001 through 2004. She ran for re-election but was defeated by Jose Serra. In 2006, after losing the PT gubernatorial primary to Senator Aloizio Mercadante, she coordinated President Lula's re-election campaign in Sao Paulo. In March 2007, Lula named her Minister of Tourism. Suplicy is popular among the poor, who remember her introduction of Unified Educational Centers (CEUs) into low-income neighborhoods. Her tenure, however, was also controversial, especially in the area of financial management. Suplicy, 62, is motivated by a desire to remove the bad taste left by her 2004 defeat and to position herself to seek the Governorship or the PT presidential nomination in 2010.

14. (SBU) The third and perhaps most important likely candidate is Geraldo Alckmin, the former Sao Paulo state Governor (2001-06) who was the PSDB's presidential candidate in 2006. Alckmin left the Governor's office in April 2006 with a remarkable 69 percent approval rating. Despite his mediocre performance as a presidential candidate, he remains well-respected in the city and state and is considered an excellent administrator.

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THE ALLIANCE AT RISK  
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15. (SBU) Mayor Kassab's DEM party is a junior partner in coalition with the PSDB both nationally and in Sao Paulo state. Together they form the main opposition to President Lula and the PT. Kassab was elected on a PSDB ticket and presides over a PSDB administration (see ref B), with 15 of 23 Municipal Secretaries and 22 of the 31 Assistant Mayors, as well as lower-level city officials, coming from that party. Many in both the DEM and PSDB parties argue that an Alckmin candidacy will destroy the long-standing but fragile PSDB-DEM alliance and split the vote, leaving the door open to Marta Suplicy in Sao Paulo and potentially hurting the PSDB's chances of capturing the Presidency in 2010. However, Alckmin and his advisors argue that Sao Paulo's City Hall is too important to leave to another party, even an ally. More urgently, they stress the importance of not letting the city fall into the hands of Suplicy and the PT, and point to Alckmin's evident strength in the polls.

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STATE OF PLAY  
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16. (SBU) The campaign does not formally begin until July, but is in many respects already under way. Kassab's candidacy, at one time in doubt (ref B), is now all but certain. Publicly, Marta Suplicy has deferred questions about her intentions, perhaps waiting to see how the Alckmin-Kassab situation sorts itself out. Others believe she may be waiting for Lula's blessing to resign her Ministry (she has until June 5), but few doubt she will be a candidate. Edinho Silva, PT state chairman, told Poloff flatly that Suplicy will run with Lula's support. State Deputy Rui Falcao, who served as Secretary of Government under Mayor Suplicy, was less categorical but averred that he had never known her to duck a challenge.

17. (SBU) Commentators agree that there is still time for the DEM and PSDB to persuade Alckmin not to run, but that it is increasingly unlikely. Already, both FHC - the PSDB's honorary president - and DEM leader Jorge Bornhausen have offered Alckmin their support in a gubernatorial campaign in 2010 - assuming Serra resigns to run for

President - if he agrees to sit this year out. However, Fernando Braga, a long-time Alckmin economic advisor, told the CG that Alckmin deems such an offer too uncertain, and Serra may end up seeking re-election as Governor instead of running for President. Braga said Alckmin faces a dilemma over whether or not to run for Mayor, but people close to the ex-Governor seem fairly certain that Alckmin will ultimately run. By all accounts, he wants both to be Mayor and to position himself to compete for higher office - Senator, Governor again, even President - in 2010 or 2014.

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POLLS SHOW ALCKMIN'S STRENGTH  
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¶8. (U) A Datafolha poll published February 17 shows that in a three-way race, Alckmin would get 29 percent to Suplicy's 25 and Kassab's 12. If Alckmin doesn't run, Suplicy leads Kassab 32-19 percent. (Note: The polls presuppose the participation of two or possibly three minor candidates who together may account for about 20 percent, so a second round is inevitable under any scenario, since no candidate will get 50 percent of the first-round vote. End Note.) If Kassab desists, Alckmin leads Suplicy, 34-28 percent. If Suplicy decides not to run, Alckmin leads Kassab, 34-16 percent, with the projected PT candidate, Chamber of Deputies President Arlindo Chinaglia, garnering only 1 percent. In a second round,

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Alckmin would defeat either Suplicy or Kassab handily, whereas Suplicy would defeat Kassab, 50-39 percent. Kassab remains the least well-known of the three candidates and thus must be considered the underdog in a race against two major national figures. However, at this early date, the polls represent only a snapshot and are subject to change as candidates enter the race and parties make and break alliances. Given the advantages of incumbency, Kassab has a good chance of rising in the polls as the race progresses.

¶9. (SBU) Even while recognizing Geraldo Alckmin's ability and popularity with voters, many PSDB leaders view his candidacy as a train wreck that they are powerless to prevent. The problem, from their perspective, is that Alckmin is not a team player. His putative candidacy exposes a recurring weakness that continues to undermine the PSDB, where, as Braga put it, "everyone is a Chief and nobody is willing to be an Indian." PSDB stars like Alckmin deem themselves essential and refuse to yield. With so much talent and ambition, there are inevitable fallings-out. The PSDB spends more time and energy on infighting than on developing and implementing strategies to challenge its opponents. This year would appear to be no exception. Unless it can resolve this question, the party faces a real problem in 2010. Post will report septel on the impact of an Alckmin candidacy on the PSDB.

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COMMENT  
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¶10. (SBU) The PT and the PSDB were both founded in Sao Paulo, and many of the household names from both parties hail from the state. Their rivalry here tends to have national repercussions. The PSDB-DEM alliance is a key part of the equation. This year's race for Mayor of Sao Paulo exposes all these elements. Whatever its outcome, this election will have huge visibility as well as a major impact on all three parties as they look to 2010 and the beginning of Brazil's post-Lula future. End Comment.

¶11. (U) This cable was coordinated with and cleared by Embassy Brasilia.

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